

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 491 – HB 1627

February 23, 2009

SUMMARY OF BILL: Authorizes the state fire marshal to adopt codes for one and two-family dwellings. Authorizes the fire marshal, his deputies, and assistants to inspect one and two-family dwellings to ensure compliance with code standards. Requires inspections to be funded within existing resources of the Department of Commerce and Insurance.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - The bill requires the Department of Commerce and Insurance to conduct additional inspections within existing resources of the Department. Utilizing existing resources for this additional responsibility will require the Department either to decrease expenditures or to receive an increased appropriation for other existing programs in the amount of \$757,500 or some combination of reduced expenditures and an increased appropriation, to compensate for the shifting of resources to additional inspections.

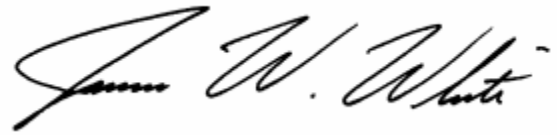
Assumptions:

- According to the Department, 15,800 building permits were issued in 2008. Approximately 75 percent (11,850) of these permits were issued in areas that have an existing code department. The remaining 25 percent (3,950) would be subject to inspection by the state.
- Each permit requires a minimum three initial inspections prior to occupancy. Total initial inspections for the state equal 11,850 (3,950 x 3).
- According to the Department, approximately 30 percent of the 11,850 initial inspections would require one re-inspection (3,555 re-inspections). The state would perform 15,405 inspections (11,850 initial inspections + 3,555 re-inspections).
- Average time for inspection is three hours. Average hourly rate for state building inspector is \$16.39. Total cost for state to enforce this bill would equal \$757,463.85 (15,405 inspections x 3 hours x \$16.39).

- Since inspections must be performed within existing resources, the Department could not raise building permit fees to cover the additional cost.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

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